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Sent: Thursday, April 30, 2009 2:24 PM
To: Rushenberg, Tim
Cc: William H. Wendt; rcdenne@gsb.uchicago.edu
Subject: Changes in LaPorte Assessments

Dear Commissioner Rushenberg

Once again I write to you about LaPorte County's failure to comply with Indiana law. Mr. Denne has continued his analysis of LaPorte's latest actions and I am providing you with a portion of his review. I would be happy to provide you with the full analysis which, in addition to the issues summarized below, shows evidence of sales chasing and cherry picking, among other problems. However, it is pointless to do so, because the facts outlined below show that the entire review process has been thwarted by LaPorte County. We believe that the data show that LaPorte County has changed the assessments you approved and that the assessments as changed do not comply with IAAO standards.

1. **LaPorte County (and/or its Vendor) continues to change the data the DLGF approved.** As shown in Table 1, there are 424 discrepancies between the assessments reported in the approved ratio study and the assessments enrolled for tax purposes. These discrepancies amounted to more than \$16.5 million, and constituted about ten percent of the sales upon which the January ratio study was based, more than enough to have a substantial effect on the compliance determination. Table 2 provides details on each of the discrepant assessments, including parcel identifiers and conflicting assessment amounts reported in the ratio study and the assessor's records. What was the purpose of the DLGF reviewing the "assessments" if those assessments could be changed as soon as you approved them?

2. **Once the submitted data had been changed, assessments did not meet the required levels.** When the actual assessments are substituted for the inconsistent assessments reported in the county's January ratio study, the standard ratio compliance measures are failed. Table 3 reports the standard Indiana compliance statistics when they are calculated using exactly the same validated sales as were used in the January ratio study approved by DLGF (except that any given sale is used only once, not multiple times), but substituting the assessments enrolled for tax purposes on April 14 for the inconsistent assessments reported in the January ratio study. The figures highlighted in vivid yellow in the table are failures for which the sample size is at least five; those in pale yellow are failures where the sample size is less than that, and hence inadequate for a reliable determination. As can be seen, 33 combinations of township and property class failed the tests for median assessment ratio (or level of assessment being within five percent of the overall level), coefficient of dispersion, and or price-related differential.

In the past, the Department has displayed a commitment to enforcing IAAO standards so that LaPorte County's assessments are uniform and equitable. There can be no doubt that the intention of the law and the administrative code is to improve the equity, accuracy and uniformity of actual assessments, i.e. the assessments that generate tax bills. No one cares whether at some point tentative assessments failed to pass muster; the only important issue is whether the final assessments pass. By the same token, no one cares whether tentative assessments passed muster; it is the equity, accuracy and uniformity of the final assessments that matter. But the final assessments in LaPorte County are no longer accurate, uniform or equitable as required by IAAO standards.

The DLGF required LaPorte County to repeatedly resubmit its assessments until the assessments complied with IAAO standards. It is inconceivable that the DLGF did so with the

understanding that the County was free to change the approved assessments so that the assessments were no longer compliant. But it appears that is exactly what the County did.

The changed assessments are just the latest chapter in LaPorte County ignoring or defying the DLGF and Indiana law. If your review of the data reveals that the changed assessments do not meet IAAO standards, then I respectfully suggest that at a minimum you:

A. Halt the County's current retrending efforts, declare them a failure, and assume responsibility for control of the reassessment.

B. Use the 2005 assessment records, which we believe are largely unsullied by data manipulation, as the basis for the 2006 taxes. We are advised by the county that this can be accomplished promptly and at relatively little expense. The DLGF should derive trending factors and order the county to apply those factors to the updated 2005 assessment records. A similar process could be applied to the 2007 and perhaps 2008 data. In this way LaPorte could be brought back on schedule with the shortest delay.

C. Find that the LaPorte County assessment officials have not complied with their duties and take the steps required by IC 6-1.1-4-31.

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